NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 12 cents to $1.0500, Grade A increased 12 1/2 cents to $0.9800, and Grade B increased 13 cents to $0.9800. Also at the CME, barrel cheese was unchanged at $1.1375 and 40# blocks were unchanged at $1.1650.

According to NASS, U.S. cold storage holdings of butter on April 30, 1997, total 42.4 million pounds, up 59.1% from March and 6.7% more than April 1996. Natural American cheese holdings total 423.1 million pounds, 7.8% more than March and 12.4% more than a year ago. Nonfat dry milk holdings at the end of March total 81 million pounds, 12.5% more than February but 25.0% less than a year ago.

The April 1997 Consumer Price Index (CPI) for all food is 156.6, up 2.8% from April 1996. The dairy products index, at 145.7, is 6.4% more than a year ago. The April to April changes in selected dairy products are: fresh whole milk up 4.5%, cheese 5.2% higher, and other dairy products (includes butter) up 14.3%.

During April about 9.8 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in April 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 1.1% more than April 1996, and about 1.9% more than March 1997 on a daily average basis. Milk utilized in Class I products in April was 0.5% more than last year on an adjusted basis. Class I use this year represented 38% of producer milk deliveries compared to 46% in April 1996. The average blend price was $13.11 per cwt., $0.74 less than last year. Changes in class prices from year-earlier levels were: Class I, down $0.13; Class II, down $0.13; Class III, down $1.65; and Class III-A, up $1.58.

Milk production is trending lower through much of the South and Southwest due to warmer, summer like temperatures. Fluid receipts are steady to slightly higher in more northern and northeastern areas. In many upper Midwestern locations, morning frost and unseasonably cool temperatures have slowed crop growth and delayed the usual increases in milk receipts. Overall, milk supplies are ample to burdensome as bottlers reduce orders as schools close for the long Memorial Day weekend, traditionally one of the year's most burdensome weekends for milk handling. Manufacturing capacity will be tested in many locations as milk is expected to be transported greater distances to find manufacturing capacity.

Most recent powder market trends continue. Dryers will be active over the holiday. Buttermilk and NDM are still showing continued signs of weakness due in part, to anticipated increases in offerings from the extra holiday production. Demand is insufficient to clear all NDM offerings with CCC purchasing some of the balance. The whey markets are steadier as producers are more bullish at current levels. Stocks are held with more confidence.

During the week of May 19 - 23, CCC purchased 709,427 pounds of nonfortified NDM under the price support program. This is the first regular NDM price support purchase since September 1995.

SPECIAL THIS ISSUE

BUTTER MARKETS

CHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	MAY 20	MAY 22	MAY 23
AA	$0.9300 - 0.9400	$0.9300 - 0.9400	$0.9300 - 0.9400
	(.0100) (.0100)		
A	$0.8550 - 0.8650	$0.8550 - 0.8650	$0.8550 - 0.8650
	(.0450) (.0450)		

( ) Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all prices are sharply higher. Churning schedules across the country are seasonally active. Cream supplies are expected to be very heavy over the Memorial Day weekend. Butter buying interest is good this week as resort and food service establishments prepare for the upcoming holiday weekend and the unofficial opening of the summer vacation season. More butter handlers are securing additional volumes of bulk butter and building inventories for late summer and fall needs. Stocks of bulk butter that are not clearing current markets are being held with confidence.

CHEESE MARKETS

WISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	MAY 19 - 23, 1997
BARRELS*	$1.1275 - 1.1475 (NOMINAL)
	(-.0025) (-.0125)
40# BLOCKS	$1.1650 - 1.1850 (NOMINAL)
	(.0125) (.0125)

( ) Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is steady. At the Chicago Mercantile Exchange, prices were unchanged. Trading was moderate. Commercial buying interest has improved, in part to cover projected needs over the long Memorial Day weekend and the recent strength in block prices. Current offerings remain heavy. Cheese production is expected to be near capacity over the holiday weekend as extra surplus milk backs up from bottlers. For CCC market price cheese invitations, turn to page 15 of this report.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, MAY 23, 1997
(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST		
AA	+.1200	$1.0500	n/a	05/23/97
A	+.1250	$0.9800	n/a	05/23/97
B	+.1300	$0.9800	n/a	05/23/97

This week's trading activity was not available at press time.

For last week's transactions, see page 15 of this report.

CHEESE TRANSACTIONS ON THURSDAY, MAY 22, 1997
(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION		
BARRELS	N.C.	$1.1375	OFFER	05/22/97
40# BLOCKS	N.C.	$1.1650	BID	05/15/97

SALES: 16 CARS BARRELS:
7 @ $1.1375, 5 @ $1.1400, 4 @ $1.1425

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 6 CARS BARRELS:
2 @ $1.1425, 3 @ $1.1400, 1 @ $1.1375 (LST)

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are 1 cent higher and the market tone is firm, but unsettled. Some contacts were mildly surprised by the increase at this time of year when milk supplies are at or near the seasonal peak. However, the very good and improving demand for cream is reducing the excess volumes available to butter makers. Producers' stocks range from light to fully adequate. Contacts continue to report good demand for butter, but most of the demand is suspected to be people storing it for later needs. Retail sales are still slow because of continued high prices. Food service orders are improving as Memorial Day needs are being filled.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	1.1400-1.3875
1 LB. PRINTS	1.0550-1.2375
CHIPS/PATTIES	1.1175-1.2875
REDDIES	1.1925-1.3875
CONTINENTALS	1.2725-1.4475

CENTRAL

Following very active trading at the Chicago Mercantile Exchange May 16, print butter markets are firm with prices higher. Buying interest is quite strong. Buyers are especially interested in obtaining additional stocks for future use. Producers that have additional stocks are more hesitant to clear the surplus and are holding supplies with increasing confidence. Churning schedules are seasonally active although cream supplies are becoming less available to local churns. Midwestern spot buyers that have been securing additional bulk stocks from Western producers are finding that these sources are also holding stocks with more confidence. Midwestern buyers are finding that Western asking prices are less favorable than they have been in past weeks.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, $ PER POUND

1/4 LB. PRINTS	1.0300-1.4375
1 LB. PRINTS	.9950-1.1575
CHIPS/PATTIES	1.0200-1.2300
REDDIES	1.1050-1.3400
CONTINENTALS	1.2600-1.4500

WEST

Print butter prices are showing some strength following trading on the CME on May 16. Bulk prices are steady to two cents higher. Most contacts feel that the market is beginning to exhibit normal summer patterns. Much less cream is available for churning due ice cream makers taking much more butter fat. Butter is being regularly put away at this time for summer and fall needs. Most buyers remember last year and don't want to be caught again. Production is about normal for the season, but cumulative demand is above expectations.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	1.2150-1.2650
1 LB. PRINTS	1.1325-1.2050
PATTIES	1.1850-1.3525
REDDIES	1.3125-1.3300

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	.9300-.9600

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
05/19/97	39,446	115,896
05/01/97	31,021	114,802
CHANGE	+8,425	+ 1,094
% CHANGE	+ 27	+ 1

NASS CHEDDAR CHEESE PRICE SURVEY

	40# BLOCKS			640# BLOCKS	BARRELS		
WEEK ENDING	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
	1.1817	1.1466	1.1591	1.1624	1.1280	1.1357	1.1309
MAY 16	1,752,036	3,919,316	5,870,299	1,687,800	5,262,209	3,264,810	8,527,019
					34.32%	34.34%	34.33%

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
FEB 1997	156.5	3.8	146.2	6.6	144.0	5.6	148.8	5.5	133.5	10.2	148.8	4.5
MAR 1997	156.6	3.3	146.1	6.9	143.8	5.6	148.1	5.9	135.9	13.0	147.8	3.6
APR 1997	156.6	2.8	145.7	6.4	142.6	4.5	148.2	5.2	137.1	14.3	147.7	4.2

U.S. City Average Retail Prices

Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
FEB	2.632	2.541	2.481	2.314	2.056	1.680	3.471	3.227	3.500	3.403	2.928	2.673
MAR	2.632	2.539	2.437	2.335	2.135	1.697	3.514	3.149	NA	3.322	2.920	2.752
APR	2.606	2.537	2.372	2.321	2.177	1.651	3.534	3.182	NA	3.436	2.903	2.728

* NA Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

CHEESE MARKETS

NORTHEAST

Prices are mixed; process styles are lower and natural items are higher. The market tone is unsettled, but still weak. Some contacts feel that last Friday's trading reestablished "the spread" between block and barrels. Production levels are moderate to heavy depending on the individual plant's milk supply. Most producers are temporarily not fortifying their tanks with skim solids, but if prices turn around and start to increase, many will resume fortifying to improve yields. Cheese stocks are readily available from both local and out of region producers. Cheddar makers are putting more product into aging programs and some mozzarella is being stored for later use. Retail movement is slow to fair. However, there is some improvement in food service orders as resort area restaurants prepare for the Memorial Day weekend.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2700-1.6475
Cheddar Single Daisies	:	1.2400-1.6425
Cheddar 40# Block	:	1.3025-1.4525
Process 5# Loaf	:	1.3475-1.4875
Process 5# Sliced	:	1.3675-1.5100
Muenster	:	1.3450-1.8275
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market remains unsettled. At the Chicago Mercantile Exchange on May 15, blocks increased 1.25 cents to $1.1650. Barrels declined 1.25 cents to $1.1375. Cheese prices at the Mercantile remain sharply lower than the comparable year ago levels, due in part to U.S. cheese production remaining above 1996 levels. Barrels are 31 cents below the comparable week in May 1996 and 40# blocks are 32.75 cents lower. Shipments/orders are steady to mostly improved in anticipation of possible additional price increases and for sales over the long holiday weekend. Cheddar block interest is improved. Process interest continues to pick up, but still lags traditional spring levels. Processor operating schedules continue to lengthen, but overtime remains limited. In many northern sections of the country, unseasonably cool, often windy conditions have done little to stimulate grilling and/or cheeseburger ingredient sales. Barrel offerings continue to exceed demand for some producers with some discounting still underway, particularly with some age. Cheese production is steady to higher. Cheese yields are trending lower as fat and protein levels slip on incoming milk. Extra milk will be available to cheese plant operators from bottling channels over the long Memorial Day weekend.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4950-1.6225
Brick And/Or Muenster 5#	:	1.4900-1.6225
Cheddar 40# Block	:	1.4175-1.9150
Monterey Jack 10#	:	1.6175-1.9150
Blue 5#	:	1.7700-2.0300
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5400-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2075-2.4850

WEST

Natural prices are generally higher, process prices are lower, and Swiss is holding steady. Sales activity is quite mixed. Some natural buyers are taking a little more cheese, assuming that prices may increase further. Process sales remain slow. Swiss offerings are heavy with quite a bit of lower quality product available. The general feeling is that there is an awful lot of cheese around for the market to firm very much. Also, with the holiday weekend approaching, plants are gearing up to handle additional offerings of milk. Stock levels are heavier than desired at many locations. Production is running ahead of expectations.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3275-1.6900
Cheddar 40# Block	:	1.3475-1.7300
Cheddar 10# Cuts	:	1.5825-1.7800
Monterey Jack 10#	:	1.5325-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Domestic prices are generally higher and imported styles are steady. The market tone is unchanged. Higher retail prices plus the seasonality for demand are affecting consumption of some varieties or brands. Stocks range from tight to fully adequate. There is some concern regarding imports from the EU and whether volume limits will be reached before the end of the GATT-year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	1.5000-2.0675*
Gorgonzola	3.2400-5.9400	2.1225-2.4900*
Parmesan (Italy)	TFEWR	2.8675-2.9475*
Romano (Italy)	2.1900-2.9000	-0-
Provolone (Italy)	3.4400-5.5000	1.1725-1.6800*
Romano (Cows Milk)	-0-	2.7025-2.9075*
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.2500-2.5050
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

During April, milk production in the 20 major states totaled 11.4 billion pounds, up 0.8% from last April. The following are the April-to-April changes for selected states: Florida +6.3%, Virginia +1.9%, Pennsylvania unchanged, Vermont -1.4%, Kentucky -2.4%, New York -3.1%, and Texas -6.6%. Milk production is starting to drop in Florida and Gulf Coast states where temperatures have jumped into the 80's and 90's this week. The milk flow is steady to lighter in the Middle Atlantic area and increasing in New York and New England. The milk flow seems to be past the seasonal peak in most areas south of the Mason-Dixon Line. Fluid milk volumes are still excessive of the slow to fair Class I demand. Florida handlers are still shipping 12 - 15 loads a day out of state for processing and shipments are expected to continue well past Memorial Day. Manufacturing plants are generally full and those with processing capacity are not taking too much more milk because they think they will need that "room" to clear their own milk over the holiday weekend. Those plants with too much milk are looking for outlets and may have to ship some "depressed" milk out of region. In some states, schools are starting to dismiss for the summer and most colleges/universities are at or near the end of another term. The condensed skim market is still weak. Spot demand is very slow. Most deliveries are to fill contracts. The spot cream market is very good early this week, but orders drop off to virtually nothing by week's end. Spot prices are higher because of changes to the butter prices, but the multiples are unchanged. Demand from ice cream and cream cheese makers has been particularly good early this week. However, many of these producers will be down for the long, holiday weekend and they will not take cream from Thursday through Monday. Churning activity is moderate, but expected to be very heavy during the weekend.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT		
F.O.B. Producing Plants: Northeast	- 1.1714 - 1.2740	
Delivered Equivalent Atlanta	- 1.1286 - 1.3127	M 1.1543-1.1970
F.O.B. Producing Plants: Upper Midwest	- 1.1628 - 1.2141	

PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS	
F.O.B. Producing Plants: Northeast	- 1.1000 - 1.2900

MIDWEST

SPOT SHIPMENTS:	LOADS
MAY 16 - 22, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	28

Class I sales are generally slower, as bottlers prepare for the upcoming Memorial Day weekend, not a particularly strong fluid milk sales period. The holiday weekend may cause Class I sales not to dip as much to a few accounts in Indiana around the race area. As schools close for the holiday and/or the summer, less fluid is needed for the bottle, thus backing more into manufacturing channels. An unexpected large manufacturing plant closing due to storm related problems, increased surplus milk volumes. Many manufacturing plants try to "clean out" in order to take in some extra holiday weekend surplus. Surplus milk offerings are ample with some out of region offerings occurring. Many handlers have tried to prepare contingency plans (manufacturing homes) for holiday weekend milk. Manufacturing milk prices range from about $1.00 under to about 50 cents over. Cream prices are higher, based on higher multiples. Cream prices are likely to slip during the holiday period as users close for the long weekend. Producers were preparing extra snack dips for the expected stronger holiday sales period. Unseasonably cold temperatures, including frost a few recent mornings in many upper tier Midwestern states, have slowed crop growth and germination. Financial stress levels are increasing as more farmers run out of feed, slow pasture growth, and new alfalfa less than ready to cut, in addition to declining milk prices. Warmer temperatures further south in the middle and lower states in the region are causing milk receipts to stabilize and/or decline somewhat. In northern sections, milk intakes are steady to slightly higher. A few plant operators are noting that the spring peak may arrive late unless the temperatures start to warm up.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	$ 37.00- 44.50	$ 32.00- 38.00
REPLACEMENT HEIFER CALVES	$ 90.00-135.00	$ 80.00-135.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	$ 37.50- 44.50	$ 33.00- 38.00

WEST

Milk production for the 20 selected states for April totals 11.4 billion pounds, up 0.8% from April 1996. Output for selected Western states compared to last years is as follows: Arizona up 10.6%, California up 7.1%, Idaho up 9.7%, New Mexico up 6.8%, and Washington up 3.4%. Cow numbers in these five states are up 51,000 head and production per cow is higher than last year in the region. Hot weather conditions, ranging above 100 degrees in the Southwest, continue to affect milk production. Early estimates peg farm milk output to be down by 10% and occasionally more at some locations of Arizona. The heat is not affecting milk production as severely in Southern California, but declines in the 3% to 5% range are occurring. The hotter weather tempered by mid week with highs only in the 80's and cooling at night. Temperatures are more moderate in Northern California with milk output holding near seasonal peaks. The lack of rain in recent weeks/months in California has aided in the development of near ideal alfalfa crops. Feedlots are in good shape and free of mud. Some concerns are being expressed about early stages of drought. In addition, flies are beginning to be more of a problem. Cream demand remains good and higher volumes are moving into ice cream production. Cream prices are higher following the increase in the May 16 Chicago Mercantile Exchange Grade A butter price. Butter production is trending lower, but remains seasonally strong. Conditions are cooler in the Pacific Northwest than over the past few weeks. Milk production, however, remains quite strong. Some plants are gearing up for additional milk supplies due to the long holiday weekend. No one is looking for added milk. Cream supplies available to local churns are declining as more cream clears to ice cream operations. New crop hay is becoming available in the region at some very firm prices, but buyers don't really have a viable alternative. The quality is excellent with protein levels between 22-24% very common. Milk output is expected to surge higher with the new feed. Pasture conditions are improving as producers are better able to manage the grass with the cooperation of the weather. The majority of the field corn is now in the ground. Heifer markets are very quiet due to the declining milk prices. Slaughter cow prices are about steady on a very light run. Flooding is a concern in the panhandle of Idaho and in the Cache Valley of Utah. Some rain at the end of the week is adding to the general concern. Hay fields are beginning to show windrows as growers try for peak protein, high prices, and the chance for an additional cutting at the end of the growing season. There is plenty of water for full season irrigation. The milk flow continues to increase seasonally and the solids content is declining.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 05/22/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are lower and the market tone remains weak. An offering of NDM to the CCC under the price support program by a Western producer took place this week. No offerings from the Central Region have occurred. New DEIP orders could limit the volumes of additional offerings. Commercial buying interest is flat with the current weak market. Buyers anticipate no upward risk and are only buying for immediate needs. Producers' stocks are increasing in the region.

Includes EXTRA GRADE and GRADE A, all heat treatments
NONFAT DRY MILK: 1.0600 - 1.1200 MOSTLY: 1.0700 - 1.0800

DRY BUTTERMILK - CENTRAL

Buttermilk prices continue to decline in light trading. The market tone is trending weaker. Butter production is fair to good in the region. Condensed buttermilk sales are good, but drying schedules are often higher. Demand for powder is fair at best and offerings are ample from most sources, including resale. Ice cream demand is slow to develop in the seasonally cool Upper Midwest.

BUTTERMILK: 1.0600 - 1.1950

DRY WHEY - CENTRAL

Prices and the market tone are holding steady. Some producers are attempting to establish higher prices as their inventory positions become more comfortable. Demand is fair for the current offerings. Several buyers are noting that producer offerings are being cut off. Some questions remain since many of these plants have yet to see seasonal peaks in milk intakes. Resale offerings are also down. Producers are more bullish on the market and most state they expect prices to improve. Production is trending seasonally higher. Stocks are light to moderate and being held with more confidence.

NONHYGROSCOPIC: .1700 - .1900 MOSTLY: .1725 - .1775

ANIMAL FEED WHEY - CENTRAL

All animal feed prices are steady and remain nominal in light trading. Offerings of milk replacer are limited and standard whey is approaching too few to report. Roller ground sales are fair to good and clearing current offerings. Delactose is available from most suppliers and the market tone is unsettled. Demand is seasonally slow.

MILK REPLACER:	.1500 - .1700
STANDARD:	.1400 - .1550
ROLLER GROUND:	.1775 - .1900
DELACTOSE (Min. 20% protein):	.3200 - .3500

LACTOSE - CENTRAL AND WEST

Lactose prices are lower within the range and reflected in a lower mostly range. Additional discounted spot sales were sufficient enough to offset set quarterly contracted prices. The market tone is unsettled. Buying interest is fair at best for spot loads and producers are discounting to move extra product. Several producers remain in good shape and are not having to discount. Production is trending seasonally higher and stocks are building at more locations.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .2300 - .2900 MOSTLY: .2450 - .2700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are slightly lower and the market undertone is showing more signals of stability. Buyer interest is fair to good and beginning to clear declining producer offerings. WPC is still available, but not always from the plant of first choice. Price discounts are not as available as in recent weeks. However, some customers are still able to get "a deal." Stocks are light to moderate and beginning to be held with more confidence.

EXTRA GRADE 34% PROTEIN: .5500 - .5925 MOSTLY: .5600 - .5800

NONFAT DRY MILK - WEST

Nonfat dry milk prices continue to decline and the market tone remains weak. This week, for the first time since February 1996, NDM was offered to the CCC at the government support price - now at $1.0470. This ends the speculation about if/when the first offering would occur and continues to show the underlying weakness of the market. New DEIP orders are being placed and will alleviate some sales to the CCC. Domestic demand is light to fair. Buyers anticipate very little price movement. Production schedules in the West are sometimes lower due to lighter milk receipts. The Memorial holiday weekend, combined with further school closures over the coming weeks, will likely boost output in the short run. Prices for condensed skim in California are lower than NDM-equivalent, and the choice for cheese fortification/standardization. NDM stocks are moderate to heavy.

Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.0400 - 1.0700 MOSTLY: 1.0400 - 1.0500
HIGH HEAT: 1.0600 - 1.1200

DRY BUTTERMILK - WEST

Dry buttermilk prices are declining in light market trading. The market tone is weak and demand is lower than anticipated. Many contacts feel that buttermilk prices need to approach NDM prices to continue to move. Demand has declined and buttermilk is available from most producers in the region. In addition, resale loads are being offered at lower prices. Buyers are especially resisting higher priced offerings.

BUTTERMILK: 1.0450 - 1.1450 MOSTLY: 1.0800 - 1.1000

DRY WHEY - WEST

The Western whey market is generally steady. Domestic demand is fair and export interest is steady. Exporters are concerned about the continued competition from European powder in the Mexican and Far Eastern markets. Domestic buyers are satisfied with current price levels and continue to buy on a regular basis. Milk production is heavy, leading to more cheese output in the region. This scenario is expected to continue for quite a few weeks as new crop, high quality hay becomes available. Hot weather will eventually change these patterns. With the additional cheese being manufactured, there are additional supplies of whey. Stocks seem to be reasonably well balanced.

NONHYGROSCOPIC: .1900 - .2100 MOSTLY: .1900 - .1950

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended May 16, on powder sales of 7,306,499 pounds f.o.b. California manufacturing plants was $1.0762 per pound. This compares to 11,931,310 pounds at $1.0811 for the previous week ending May 09, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Production is heavy and expected to be quite a bit heavier during the Memorial Day weekend. Western powder is being offered and delivered at or below the low end of the Northeast f.o.b. range. As a result, some Eastern and Southern producers are having to meet these lower prices or risk build stocks. Some firms are purposely building stocks for summer time needs, but most others are trying to keep powder moving. Demand is slow to fair. Traders report a relatively inactive week. On May 21, Western NDM was offered to CCC under the price support program.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0800 - 1.1800
DELVD SOUTHEAST:	1.0800 - 1.1350

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady, but the market tone is weak. Lower priced offerings are common in the West and beginning to have an impact on Eastern prices. Locally, buttermilk powder stocks are nicely balanced. Demand is slow to fair, but lower offering prices from other regions are attracting a little more interest. Production levels are lighter, but expected to increase during the Memorial Day weekend when churning increases.

F.O.B. NORTHEAST:	1.1000 - 1.1200
DELVD SOUTHEAST:	1.0900 - 1.1500

DRY WHOLE MILK - NATIONAL

Prices and the market tone are mostly steady. Production levels are lighter as most producers are preparing to make NDM and process the holiday weekend milk more quickly. Plant stocks are being maintained at light or closely balanced levels. Spot demand is mostly for LTL or replacement volumes. Export interest is slow to fair.

F.O.B. PRODUCING PLANT:	1.1600 - 1.2300

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH MAY 16, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-- 48,000 MT	(105,820,800 LBS)
CHANGE	-- 3,256 MT	(7,178,178 LBS)
WHOLE MILK POWDER	-- 1,730 MT	(3,813,958 LBS)
CHANGE	-- 65 MT	(143,299 LBS)
CHEESE	-- 2 ,644 MT	(5,828,962 LBS)
CHANGE	-- 29 MT	(63,933 LBS)
BUTTERFAT	-- 4,536 MT	(10,000,065 LBS)
CHANGE	-- 39 MT	(85,979 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices range from steady to fractionally higher. The market tone is cautiously steady. Production levels are still quite heavy as fluid milk supplies reach the seasonal peak and the Memorial Day weekend is expected to provide additional surplus milk. Producers are less frequently offering discounts to keep product moving. But, on the other hand, demand doesn't seem strong enough to push prices higher. Some buyers, influenced by the heavy production, are not yet sure that prices have stopped falling and continue to wait. Others are shopping and, if prices are right, making purchases.

F.O.B. NORTHEAST:	EXTRA GRADE	.1750 - .1800
	USPH GRADE A	.1775 - .1800
DELVD SOUTHEAST:		.1875 - .2125

ANIMAL FEED WHEY - NORTHEAST

Prices are unchanged and nominal. The market tone is steady to weak. Dry whey stocks are readily available, but buyers continue to delay purchases in the hopes of further price declines. Few spot sales are being reported.

F.O.B. NORTHEAST:	MILK REPLACER	.1625 - .1675

EVAPORATED MILK - NATIONAL

Prices and the market tone are generally unchanged. Production is moderate to heavy as most producers try to make as much as possible and rebuild inventories before milk prices start to increase. Demand is just fair and typical for this time of year. The Kansas City Commodity office announced the issuance of EVD-1, invitation 330, inviting competitive offers to sell to CCC 2,680,560 pounds of evaporated milk for shipment in July 1997.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

No price changes were reported for either range. The market tone for both is trending lower and continues to be pressured. Competition is good and offering prices are becoming more aggressive. Demand is fair and remains mostly for contracted volumes.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.4100
ACID:	2.0000 - 2.2000

COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	05/08	05/09	05/12	05/13	05/14	05/15	05/16	05/19	05/20	05/21
CSCE CHEDDAR CHEESE -- Cents per pound										
JUN 97	116.50 (18) 10	118.00 (18) 0	116.00 (19) 0	118.00 (19) 0	117.50 (19) 0	117.50 (19) 0	117.50 (19) 0	1.18.00 (19) 0		
AUG 97	131.00 (4) 0	132.50 (7) 4	130.00 (8) 0	132.00 (8) 0	131.50 (8) 0	131.50 (8) 1	131.50 (8) 0	131.50 (8) 0		
OCT 97	133.00 (0) 0	134.50 (0) 0	133.00 (0) 0	135.00 (0) 0	134.50 (0) 0	134.50 (0) 0	134.50 (0) 0	134.50 (0) 0		
CSCE - NONFAT DRY MILK -- Cents per pound										
JUN 97	107.00 (24) 0	107.00 (24) 0	107.00 (24) 0	107.00 (24) 0	107.00 (24) 0	107.00 (24) 0	107.00 (24) 0	107.00 (24) 0		
AUG 97	109.00 (57) 0	109.00 (57) 0	109.00 (57) 0	109.00 (57) 0	109.00 (57) 0	109.00 (57) 0	109.00 (57) 0	109.00 (57) 0		
CSCE - FLUID MILK -- Dollars per cwt.										
JUN 97	11.48 (26) 0	11.50 (26) 0	11.68 (28) 2	11.80 (28) 5	11.85 (26) 0	11.65 (25) 1	11.85 (25) 0	11.85 (25) 0		
AUG 97	13.28 (32) 0	13.30 (37) 5	13.48 (36) 0	13.45 (33) 2	13.38 (36) 3	13.35 (36) 0	13.55 (38) 4	13.55 (35) 0		
OCT 97	13.73 (10) 0	13.75 (10) 0	13.93 (10) 0	13.90 (10) 0	13.83 (10) 0	13.80 (10) 0	14.00 (10) 0	14.00 (10) 0		
CSCE - BUTTER - Cents per lb.										
JUN 97	94.80 (51) 0	95.10 (56) 10	95.30 (55) 4	96.30 (55) 0	97.30 (57) 18	102.50 (48) 0	99.80 (48) 0	103.00 (48) 0		
AUG 97	101.00 (61) 2	101.30 (70) 9	101.50 (70) 0	102.50 (82) 17	103.50 (90) 12	108.50 (101) 11	107.00 (101) 2	106.50 (101) 0		
OCT 97	104.50 (5) 0	104.80 (5) 0	105.00 (13) 8	106.00 (13) 0	107.00 (13) 0	112.00 (13) 0	110.50 (13) 0	110.00 (13) 0		
CSCE - BFP -- Dollars per cwt.										
JUN 97	11.17 (154) 13	11.28 (175) 32	11.35 (176) 4	11.32 (172) 5	11.25 (169) 11	11.23 (173) 6	11.22 (180)3	11.20 (175) 10		
AUG 97	12.33 (135) 1	12.38 (137) 8	12.48 (137) 8	12.62 (139) 8	12.48 (197) 64	12.55 (199) 7	12.63 (199) 11	12.63 (207) 6		
OCT 97	12.65 (116) 5	12.65 (125) 14	12.75 (124) 0	12.76 (124) 0	12.75 (126) 2	12.78 (126) 4	12.89 (145) 25	12.90 (145) 10		
CME - FLUID MILK -- Dollars per cwt.										
JUN 97	11.75 (0) 0	11.75 (0) 0	11.75 (0) 0	11.75 (0) 0	11.75 (0) 0	11.75 (0) 0	11.75(0) 0	11.75 (0) 0		
CME - BUTTER -- Cents per pound										
JUN 97	97.75 (25) 9	98.00 (23) 9	98.00 (25) 6	99.40 (29) 4	100.25 (24) 6	102.50 (20) 6	100.25 (19) 5	100.25 (27) 17		
JLY 97	100.50 (110) 1	102.00 (123) 28	103.00 (128) 5	103.05 (129) 10	103.50 (130) 5	106.00 (135) 6	103.50 (136) 6	104.25 (156) 36		
SEP 97	103.50 (52) 4	106.00 (52) 1	108.50 (52) 2	108.55 (57) 11	108.75 (58) 2	111.25 (58) 0	108.80 (58) 1	109.00 (58) 6		

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 12 - 23, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW - WESTERN EUROPE: Western European market conditions are much the same as they were two weeks ago. Milk production continues to increase seasonally throughout Europe. Although some areas are reporting a slow beginning, weather conditions are now most favorable and their production season is building on a regular basis. Widespread rain in western areas continued to benefit winter grains and spring-sown crops. The fluctuating U.S. dollar continues to impact European prices and sales potential. New international buyer interest is slow in developing. Much of current trading activity is centered around previous agreements. Domestic sales are typical for this time of the season Many dairy product handlers are comfortable with current trading activities. Many are using this time to replenish depleted or very low stocks before new sales develop. Strong sales during the winter months have caused private storage levels of many dairy products to be lower than desired for this time of the spring.

BUTTER/BUTTEROIL: European butter markets are steady to firm with prices unchanged to higher. Private stock levels are lighter than desired due to strong sales this past winter. Cream demand is improving now that temperatures are increasing seasonally. Demand for bottled cream and cream for ice cream is limiting volumes for butter production. The increased demand, coupled with low inventories, are the principal factors for firm butter markets at this time.

82% BUTTERFAT:	1,600 - 1,850
99% BUTTERFAT:	1,850 - 1,900

SKIM MILK POWDER (SMP): Overall buying interest for skim milk powder is slow and unaggressive. Powder that was previously committed to Mexico and is currently being shipped is where the most market activity is at this time. Stock levels range from in balance to lighter than desired. Private storage levels are lower than some handlers desire at this time. Many handlers are pleased that buyer interest is not any more active, thus, as milk production increases, it allows them to replenish stocks.

1.25% BUTTERFAT:	1,700 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady, although prices are steady to slightly lower. Overall buyer interest is slow, which is good due to the light levels of whole milk powder. The current low level of whole milk powder has handlers not overly concerned, other than they have to replenish stocks to a greater extent than in past years. New buyer interest is slow in developing, thus giving inventories a better chance to recover as the milk production season increases.

26% BUTTERFAT:	1,760 - 1,900

SWEET WHEY POWDER: European whey markets are holding steady at comparable prices of the past few weeks. Trading activity is fair. Some delivered European prices are more favorable than U.S. prices at this time, thus traders are realizing additional sales. As milk production builds throughout Europe, so is cheese production, thus increasing volumes of whey are becoming available. Although volumes are increasing, whey handlers are comfortable with the supply and demand balance at this time.

NONHYGROSCOPIC:	400 - 550

OVERVIEW - EASTERN EUROPE: Weather conditions in Eastern Europe have now become more "spring like" on a regular basis, thus milk production is increasing steadily. This region is 2 - 3 weeks behind in milk production versus Western areas of Europe. Sales activity out of the region is also slow. Most trading activity centers around domestic needs. The opening of intervention for skim milk powder in Poland was announced to begin June 1. The tonnage is reported to be 17,000 metric tons.

OCEANIA

OVERVIEW: The milk production season within the region has basically come to a close. Annual production totals continue to be about 4% heavier than last year in Australia and nearly 10% greater in New Zealand. Australian contacts are attributing the modest increase to a couple of factors, dry conditions in the milk producing region of the country until too late in the season and high feed costs. In New Zealand where the increase was higher, good weather conditions, sufficient moisture, increased cow numbers, and favorable feed costs all contributed to milk production surpassing single digit increases. Although the current production season is just coming to a close, milk handlers are looking forward to the next production season which will start to resume in August. Milk handlers within the Oceania region, especially New Zealand, are questioning what impact increased milk production will have on their prices and what will they need to do to market the additional dairy products generated from the larger volumes of milk. Trading activity out of the Oceania market is quiet. Products that are leaving the region are from sales that have been previously negotiated and now shipment is occurring. Much of region's production has been committed, although limited volumes of product are available if potential buyers should surface.

BUTTER: The butter production season is nearing its seasonal close. As milk production throughout the region declines, thus does milk diversions. Stocks of butter are reported to be at comfortable levels. Butter handlers state that stocks are in line with known orders and uncommitted stocks are not excessive. New international buyer interest is light and unaggressive, although if new orders develop, Oceania handlers have some stocks available to address possible needs.

82% BUTTERFAT:	1,350 - 1,450

CHEDDAR CHEESE: Cheese markets are much the same as other manufactured dairy product markets within the region. Most trading activity centers around previous commitments with minimal new business occurring. Stocks of cheese are readily available for contracted needs. Additional stocks are available that could fill potential buyer interest should the need arise.

39% MAXIMUM MOISTURE:	2,100 - 2,150

SKIM MILK POWDER (SMP): Skim milk powder markets are basically steady with past weeks. Market activity centers around previous commitments with minimal new buyer interest occurring. Skim powder trading activity, outside of European powder moving to Mexico, is light. Stocks of Oceania powder are sufficient for contracted needs.

1.25% BUTTERFAT:	1,700 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Trading activity is limited to previous sales with stocks at manageable levels. Although the recent milk production season has just come to a close, milk handlers are already looking to the future and the next production season.

26% BUTTERFAT:	1,750 - 1,800

Exchange rates for selected foreign currencies: May 19, 1997

.5208 Dutch Guilder	.5853 German Mark
.1737 French Franc	.6922 New Zealand Dollar
.1267 Mexican Peso	.7745 Australian Dollar
1.6400 British Pound	.0086 Japanese Yen
.3169 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1267) = 7.8926. That is 1 US Dollar equals 7.8926 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

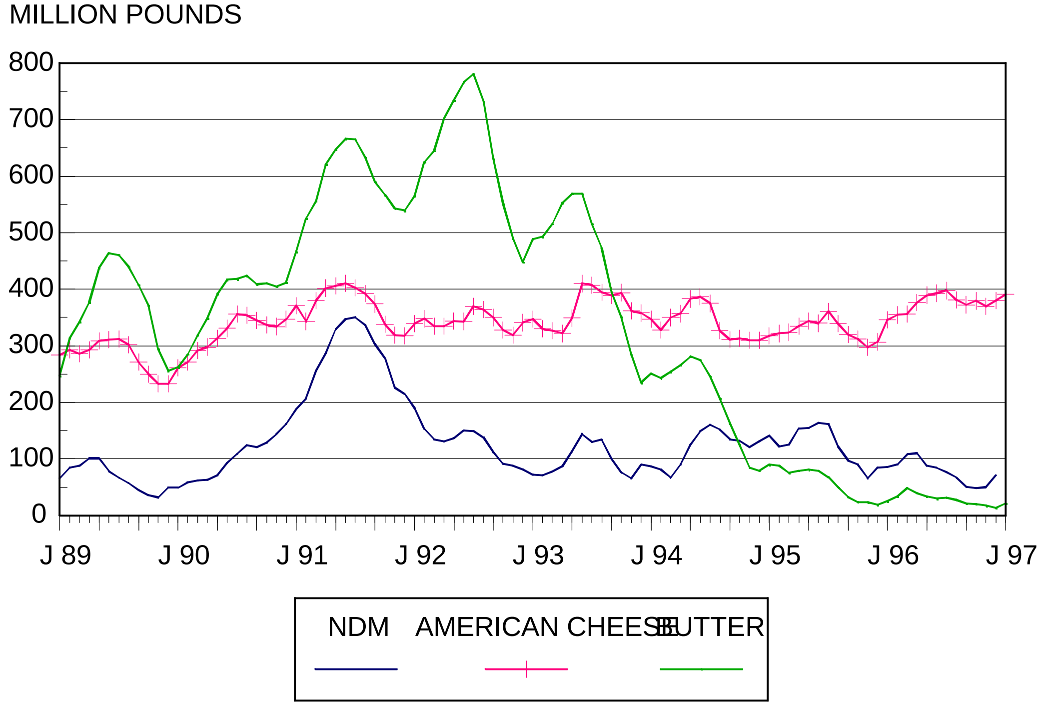
All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAR 31, 1995	MAR 31, 1996	REVISED MAR 31, 1997	APR 30, 1995	APR 30, 1996	APR 30, 1997
Cream	1,385	1,359	---	1,580	1,412	---
Butter	74,804	48,704	26,663	79,087	39,764	42,422
Evap. & Cond. Milk	886	939	---	951	887	---
Cheese, Natural American	323,508	356,336	392,486	335,095	376,609	423,146
Cheese, Swiss	8,339	11,234	12,809	8,347	10,362	11,926
Cheese, Other Natural	126,917	130,740	111,735	122,634	138,532	116,612
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	51,447	1,308	364	45,734	2,524	1,509
Natural American Cheese	421	116	77	363	87	40

APRIL COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	11,226	14,436	19,438	5,332	5,500	8,936	79	118	208
Middle Atlantic	39,951	35,316	38,008	4,271	4,336	4,274	6,860	18,379	20,133
East North Central	184,952	212,650	235,946	10,793	6,847	8,926	103,293	106,397	81,494
West North Central	58,364	62,813	65,422	33,262	6,374	6,311	1,083	1,860	3,859
South Atlantic	263	240	249	1,168	1,470	1,556	2,523	5,239	4,444
East South Central	249	181	203	883	503	194	4,373	3,993	3,015
West South Central	2,062	973	2,325	12,266	8,929	521	2,440	83	144
Mountain	19,974	16,655	17,064	1,293	1,629	469	1,381	1,882	970
Pacific	18,054	33,345	44,491	9,819	4,176	11,235	602	581	2,345
TOTAL	335,095	376,609	423,146	79,087	39,764	42,422	122,634	138,532	116,612

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

1989 TO DATE U.S. COLD STORAGE HOLDINGS
COMBINED GOVERNEMENT AND COMMERCIAL



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	3/	3	382	346	381	346	3/	3/	75	86	75	72	3/	14
February	24	34	24	30	3/	4	378	355	378	354	3/	3/	72	90	72	80	3/	10
March	27	49	26	47	3/	1	392	356	392	356	3/	3/	81	108	80	98	3/	10
April	42	40	41	37	2	3	423	377	423	377	3/	3/		110		100		10
May		34		33		1		390		390		3/		88		86		1
June		30		29		1		393		393		3/		84		82		1
July		32		31		1		398		398		3/		77		77		3/
August		27		26		1		381		381		3/		67		66		3/
September		21		21		1		373		372		3/		51		50		3/
October		21		20		3/		379		379		3/		48		47		3/
November		18		17		3/		370		370		3/		50		49		3/
December		14		13		3/		380		380		3/		71		71		3/

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Mar 31, 1995	Mar 31, 1996	Mar 31, 1997	Apr 30, 1995	Apr 30, 1996	Apr 30, 1997
	Thousand Pounds					
Butter	23,357	47,396	26,299	33,353	37,240	40,913
Natural American Cheese	323,087	356,220	392,409	334,732	376,522	423,106

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (5-97) and "Dairy Products," Da 2-6 (5-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

MILK SOLD TO PLANTS AND DEALERS BY PRODUCERS, AND PERCENT FLUID GRADE, BY STATE, 1995 AND 1996 1/

State	1995		1996	
	Quantity	Percent fluid grade 2/	Quantity	Percent fluid grade 2/
	Mil. lbs.	Percent	Mil. lbs.	Percent
AL	478	100	430	100
AK	11.1	100	12.5	100
AZ	2,221	100	2,462	100
AR	713	98	673	98
CA	24,741	97	25,230	96
CO	1,468	100	1,560	100
CT	508	100	477	100
DE	144	100	138	100
FL	2,376	100	2,396	100
GA	1,530	100	1,460	100
HI	139.4	100	125.9	100
ID	4,165	93	4,695	93
IL	2,368	94	2,302	94
IN	2,174	90	2,126	90
IA	3,980	88	3,766	89
KS	1,166	96	1,185	97
KY	1,955	98	1,812	98
LA	890	100	823	100
ME	625	100	632	100
MD	1,330	100	1,307	100
MA	426	100	415	100
MI	5,485	98	5,360	99
MN	9,290	89	9,330	90
MS	705	100	656	100
MO	2,645	92	2,400	93
MT	303	100	294	100
NE	1,065	90	1,025	92
NV	421	100	465	100
NH	322	100	319	100
NJ	316	100	293	100
NM	3,566	100	3,691	100
NY	11,410	100	11,339	100
NC	1,375	99	1,268	99
ND	818	57	785	57
OH	4,570	94	4,340	94
OK	1,295	99	1,246	99
OR	1,586	98	1,519	98
PA	10,230	99	10,280	99
RI	32.1	100	30.8	100
SC	385	100	375	100
SD	1,567	58	1,460	57
TN	1,735	98	1,605	98
TX	6,089	100	6,098	100
UT	1,403	90	1,472	91
VT	2,514	100	2,554	100
VA	1,930	99	1,790	99
WA	5,065	100	5,052	100
WV	263	99	249	99
WI	22,669	92	22,114	92
WY	80	80	81.3	81
U.S.	152,543	95	151,519	96

1/ Includes the equivalent amounts of milk for cream sold to plants and dealers. 2/ Percentage of milk sold to plants and dealers that is eligible for fluid use (Grade A in most states). Includes fluid-grade milk used in manufacturing dairy products.
SOURCE: "Milk Production, Disposition, and Income, 1995 Summary" DA 1-2(96), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

MAP OF PROPOSED AREAS MAY BE FOUND AT: WWW.USDA.GOV/AMS/MAPP20.PDF

USDA ANNOUNCES SUGGESTED MILK ORDER CONSOLIDATIONS

On May 20, the U.S. Department of Agriculture issued a revised preliminary report suggesting that the current 32 federal milk marketing orders be consolidated into 11 orders. The department is inviting the dairy industry and the public to submit ideas and recommendations on the suggested consolidations.

Lon Hatamiya, administrator of USDA's Agricultural Marketing Service, a marketing and regulatory programs agency, said the revised preliminary report is another step in the development of a proposed rule on consolidation. USDA is releasing this report to continue the dialogue that began with the Dec. 3, 1996, release of the initial preliminary suggestions.

The 1996 Farm Bill mandated that the current 32 federal milk orders be consolidated, or merged, into 10 to 14 orders. The Secretary of Agriculture also was directed to designate California as a federal milk order if that state's dairy producers petition for and approve such an order.

The Farm Bill allows USDA to use informal rule making to accomplish the legislated mandates. All reforms must be implemented by April 4, 1999. USDA is working with the dairy industry and all other parties to develop a proposed rule that will be issued in late 1997. A final rule, which will be voted on by producers, will be issued in the fall of 1998.

The earlier preliminary report on order consolidation suggested 10 orders. The revised preliminary report issued today suggests that in the future there be 11 marketing orders: Pacific Northwest, Western, Arizona - Las Vegas, Southwest, Central, Upper Midwest, Southeast, Mideast, Appalachian, Florida and the Northeast. USDA used an updated and more detailed analysis of the distribution and procurement patterns of fluid milk processing plants, along with other factors, to evaluate public comments on the initial report to determine which order areas were most closely related and, thus, could be consolidated.

Although comments will be sought throughout the reform process, ideas regarding the suggested consolidations and other aspects of the program are requested by June 15, 1997.

Written ideas should be submitted to Richard M. McKee, Director, Dairy Division, AMS/USDA, Room 2971, South Building, P.O. Box 96456, Washington, DC 20090-6456 or may be E-mailed to Milk_Order_Reform@usda.gov.

A complete report on the suggested consolidations may be obtained by calling (202) 720-4392. This report can also be obtained from any Milk Marketing Administrator's office, or via the Internet at http://www.usda.gov/ams/dairy.htm under the "Federal Milk Order Reform" heading.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR APRIL 1997. During April about 9.8 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in April 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 1.1 percent more than April 1996, and about 1.9 percent more than March 1997 on a daily average basis. Milk utilized in Class I products in April was 0.5 percent more than last year on an adjusted basis. Class I use this year represented 38 percent of producer milk deliveries compared to 46 percent in April 1996. The average blend price was $13.11 per cwt., $0.74 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down $0.13; Class II, down $0.13; Class III, down $1.65; and Class III-A, up $1.58.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MARCH 1997

FEDERAL MILK ORDER MARKETING AREAS 1/	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE 2/		BUTTER-FAT DIFF. 3/
		1997 TOTAL	CHANGE FROM 1996 4/	1997 TOTAL	CHANGE FROM 1996 4/	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	449.8	-3.4	210.4	-0.5	47	45	13.96	14.25	9.4
New York/New Jersey (NY City)	2	979.8	-5.0	374.1	-5.9	38	39	13.54	14.20	9.4
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	597.5	15.6	251.8	18.1	42	41	13.56	13.46	---
NORTHEAST REGION		2,027.0	0.7	836.3	1.7	41	41	13.64	14.02	9.4
Carolina (Charlotte)	5	243.5	4.4	184.8	-2.0	76	81	14.81	15.14	9.4
Tennessee Valley (Knoxville/Chattanooga)	11	120.4	2.5	93.3	1.8	78	78	14.60	14.84	9.4
Southeast (Atlanta/Birmingham)	7	488.1	5.2	338.6	-4.3	69	76	14.53	14.92	9.4
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 5/	271.3	8.5	216.4	0.4	80	86	15.41	15.84	9.4
SOUTHEASTERN REGION		1,123.3	5.5	833.2	-1.9	74	80	14.81	15.18	9.4
Michigan Upper Peninsula (Marquette)	44	5.7	7.4	4.2	2.7	73	76	13.25	13.51	9.4
Southern Michigan (Detroit)	40*	373.7	-2.6	162.1	-4.0	43	44	13.00	13.28	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	289.0	0.9	144.1	-1.6	50	51	13.07	13.84	---
Ohio Valley (Columbus)	33	264.4	2.6	138.3	-0.8	52	54	13.43	13.84	---
Indiana (Indianapolis)	49	166.0	2.0	102.5	3.2	62	61	13.66	13.68	---
Chicago Regional	30*	1,412.4	78.9	213.8	2.6	15	26	12.06	13.30	---
Central Illinois (Peoria)	50	16.5	8.1	12.6	4.2	76	79	13.54	14.01	9.4
S. Illinois-E. Missouri (Alton)	32	186.4	-2.3	85.7	-12.4	46	51	13.18	13.93	9.4
Louisville-Lexington-Evansville	46	101.0	9.2	75.6	8.5	75	75	13.93	14.19	9.4
Upper Midwest (Minneapolis)	68*	911.8	183.3	133.0	-0.9	15	42	11.85	13.14	---
Iowa (Des Moines)	79*	267.0	57.6	81.8	-0.3	31	48	12.45	13.17	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	144.7	29.4	50.9	-2.5	35	47	12.76	12.85	---
Greater Kansas City/E. S. Dakota	64 6/ 7/	42.3	---	---	---	---	75	14.08	14.33	9.4
MIDWEST REGION	8/	4,138.7	48.5	1,204.5	-0.8	29	44	12.47	13.46	9.4

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF APRIL 1997

FEDERAL MILK ORDER MARKETING AREAS 1/	ORDER NO.	RECEIPTS AND UTILIZATION: RECEIPTS FROM PRODUCERS 1997 TOTAL (MIL. LB)	RECEIPTS FROM PRODUCERS CHANGE FROM 1996 4/ (PERCENT)	RECEIPTS USED IN CLASS I 1997 TOTAL (MIL. LB)	RECEIPTS USED IN CLASS I CHANGE FROM 1996 4/ (PERCENT)	PERCENT USED IN CLASS I 1997 (PERCENT)	PERCENT USED IN CLASS I 1996 (PERCENT)	PRICE AND BUTTERFAT DIFF.: BLEND PRICE 2/ 1997 (DOLLARS)	BLEND PRICE 2/ 1996 (DOLLARS)	BUTTER-FAT DIFF. 3/ 1997 (CENTS)
Southwest Plains (Oklahoma City)	106	267.4	-18.9	120.8	-5.8	45	39	13.51	14.11	9.4
Texas (Dallas)	126	650.8	-1.6	279.5	4.6	43	40	13.61	14.06	9.4
SOUTHWEST REGION		918.3	-7.4	400.3	1.2	44	40	13.58	14.08	9.4
E. Colorado/W. Colorado (Denver)	137 6/	154.1	3.5	66.3	-3.2	43	46	13.21	14.16	9.4
SW. Idaho/E. Oregon (Boise)	135	236.8	18.2	15.4	2.8	6	7	11.64	13.16	---
Great Basin (Salt Lake City)	139	205.1	-0.8	71.2	-4.0	35	36	12.71	13.68	---
Central Arizona (Phoenix)	131	226.2	0.2	86.0	-1.1	38	39	12.99	13.47	9.4
New Mexico-West Texas (Albuquerque)	138*	169.9	36.6	53.1	-11.2	31	48	12.70	12.99	9.4
Pacific Northwest (Seattle/Portland)	124*	558.6	12.5	174.5	-2.1	31	36	12.68	12.65	---
FAR WEST REGION		1,550.8	10.6	466.3	-3.3	30	34	12.63	13.20	9.4
COMP MKT. AVERAGE OR TOTAL	8/	9,758.1*	18.2*	3,740.6	-0.6	38	46	13.11	13.85	9.4
ALL-MKT. AVERAGE OR TOTAL	7/	9,800.4	18.0	3,740.6	-1.6	38	46	13.12	13.85	9.4
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		7,886.5	-0.4	3,386.5	-0.1	43	43			
Southeastern Region		4,432.5	5.4	3,363.5	-1.5	76	81			
Midwest Region	8/	13,897.7*	-5.7*	4,882.8	-0.3	35	33			
Southwest Region		3,412.2	-6.8	1,608.5	3.2	47	43			
Far West Region		6,162.5	8.6*	1,909.7	-0.4	31	34			
COMP MARKET AVERAGE OF TOTAL	8/	35,791.4*	-1.1*	15,150.9	-0.2	42	42	13.16	13.80	----
ALL MARKET AVERAGE OR TOTAL	7/	35,962.5	-1.2	15,150.9	-1.2	42	42	13.17	13.80	----

* Because the blend price adjusted for location was at or below the Class III price in certain zones of these markets, handlers elected not to pool an estimated 32 million and 1.4 billion pounds of milk in April 1997 and 1996, respectively, that normally would have been pooled under these orders. The total estimated amounts not pooled for this reason through the month of April are: for 1997, 2.4 billion pounds; and for 1996, 1.75 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for April, Midwest region +1.1, Far West region +4.3, and all-market average +1.1. Year to Date, Midwest region -0.4, Far West region +6.3, and all-market average +0.7. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be $14.43. (4.0 minus 3.5 equals .5; 5 times $.940 equals $.470; $13.96 plus $.470 equals $14.430.) 4/ Percentage changes have been adjusted for the different number of days in the two periods. 5/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1997, $15.62; 1996, $16.05; and Southeastern Florida: 1997, $16.18; and 1996, $16.63. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1997, $12.71; 1996, $13.56; and Western Colorado: 1997, $13.85; 1996, $14.49. 7/ The data for 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated. Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, effective October 1996, and are excluded from all-market figures. 8/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1996-97 and for which the data were not affected significantly by marketing area changes. Data for Greater Kansas City/Eastern South Dakota are no longer comparable; see 7/.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF MAY 19 - 23, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/96	SAME PERIOD LAST YEAR	PERIOD ENDING 05/16/97	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	483,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	483,600	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	709,427	-0-	709,427	709,427	-0-	-0-	9,638,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	709,427	-0-	709,427	709,427	-0-	-0-	9,638,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 19 - 23, 1997 =	0.2	8.3	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	4.6	13.1	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - MAY 23, 1997 =	4.6	13.1	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	483,600	-0-	-0-	-0-	96.6	0.0
WEST	-0-	-0-	-0-	-0-	709,427	-0-	3.4	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	483,600	-0-	709,427	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - $10.20 per cwt.; 3.5% - $10.10

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1300; 500# Barrels $1.1000; Process American 5# $1.1825; Process American 2# $1.2225

NONFAT DRY MILK: Nonfortified $1.0470; Fortified $1.0570; Instant $1.2045

CCC MARKET PRICE INVITATIONS (POUNDS) 5/15/97

	JULY DELIVERY	AUGUST DELIVERY	SEPT DELIVERY	OCT DELIVERY
PROCESS				
5# LOAF	554,400	277,200	277,200	475,200
SLICED	1,940,400	39,600	475,200	435,600
2# LOAF	--	752,400	752,400	--
MOZZARELLA				
MOZZARELLA	846,720	201,600	40,320	40,320
LITE MOZZ	161,280	40,320	161,280	--
SHRED LITE	443,520	40,320	201,600	201,600
AMERICAN				
CHEDDAR CUTS	119,850	39,950		
REDUCED FAT	39,950	--		
REDUCED FAT CUTS	359,550	239,700		
REDUCED FAT SHRED	384,000	153,600		
BARRELS	1,480,000	680,000		
NONFAT DRY MILK				
INSTANT 6/4#	311,040			
INSTANT 25.6 OZ	349,440			
NONFORTIFIED	300,930			

OFFERS ARE DUE MAY 27. SCHEDULED PUBLIC RELEASE IS MAY 30 AT 3:00 P.M. (CST)

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 54,296,474 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 8,062,910

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44								

MAY 16 BUTTER TRADING AT THE CHICAGO MERCANTILE EXCHANGE

SALES: 37 CARS GRADE AA: 4 @ $0.9700, 1 @ $0.9650, 6 @ $0.9600, 4 @ $0.9550, 4 @ $0.9525, 3 @ $0.9500, 1 @ $0.9475, 1 @ $0.9450, 1 @ $0.9425, 2 @ $0.9400, 6 @ $0.9375, 1 @ $0.9350, 1 @ $ 0.9300, 1 @ $0.9275, 1 $0.9225
3 CARS GRADE A: 1 @ $0.8700, 1 @ $0.8500, 1 @ $0.8550 (LST)

BIDS UNFILLED: 2 CARS GRADE AA: 1 @ $0.9200, 1 @ $0.9300 (LST)
1 CAR GRADE B @ $0.8500 (LST)

OFFERS UNCOVERED: 1 CAR GRADE AA @ $0.9700